



**Department of the Environment**

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## Environmental Matters Committee

# 2014 Legislative Agenda Updates on Marcellus Shale & Accounting for Growth

**Robert M. Summers, Ph.D.  
Secretary**

**Maryland Department of the Environment  
January 14, 2014**





# 2014 Departmental Legislation

- **HB11 - Bay Restoration Fund (BRF) – Authorized Uses**
  - Allows flexibility to provide funding for the connection of septic systems outside the Priority Funding Area (PFA) to a public sewer system operating at ENR using BRF septic funds
  - The funding will be subject to the current PFA exception process that exists under § 5–7B–06 of the State Finance and Procurement Article, which provides for review and comment by the Smart Growth Coordinating Committee
  - The project must also be consistent with a public health area of concern identified in the county water and sewer plan
- **HB12 - Bay Restoration Fund – Authorized Uses – Local Entities**
  - Allow up to 10% of the Bay Restoration Fund-Septic revenue to be used for costs incurred by County Health Departments or other delegated parties responsible for implementing Best Available Technology (BAT) septic systems regulations
  - Funds can be used for activities such as plan review, construction inspection, and tracking of mandatory operation and maintenance of BAT





# 2014 Departmental Legislation

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- **SB101 - Maryland Drinking Water Revolving Loan Fund – Technical Correction**
  - Authorizes the State Drinking Water Revolving Loan Fund to use federal funds to provide all forms of financial assistance, including grants, consistent with federal law
  - Similar authority is already available in the Water Quality Revolving Loan Fund



- After the stakeholder's final report two important unresolved issues:
  - Determining how much pollution a new development should be allowed to contribute to the Bay (its loading “baseline”) before having to offset any remaining pollution; and
  - Whether or not, and when and where, to require offsets for phosphorous in addition to nitrogen
- Additional proposals were identified, evaluated and discussed





# The State's Compromise Proposal

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- Stormwater Baseline Issue
  - Except for development on forest land, no stormwater offset will be required if the project uses Environment Site Design to the Maximum Extent Practicable
  - For development on forest land, the difference between the forest load and the developed load must be offset
- Offsetting Phosphorus
  - Recognize that, in general, practices to reduce nitrogen will adequately control phosphorus, but
  - After the midpoint assessment of 2017, evaluate whether offsets should be required for local streams, ponds and reservoirs that are impaired for phosphorus



# Next Steps

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- The State will develop two additional refinements
  - Determine whether phosphorus offsets should be immediately required, either State-wide or in streams, ponds and reservoirs that are impaired for phosphorus
  - Determine how developers could receive credits for reductions beyond ESD to the MEP
- The State will prepare draft regulatory language based on the compromise proposal and solicit comments from stakeholders prior to making any formal proposal

## Executive Order June 2011

- Purpose: help State policymakers and regulators determine whether and how gas production from the Marcellus shale in Maryland can be accomplished without unacceptable risks
- Studies to be done by MDE and DNR in consultation with an Advisory Commission
- Charge: Look at long-term, short-term and cumulative impacts of shale gas development





# Status of Recommendations

<b>Recommendation</b>	<b>Status</b>
Presumptive Impact Zone for Drinking Water Contamination	SB636/HB1123 passed and became law 2012
Financial Assurance Requirements for Gas Wells	SB854 passed and became law in 2013
Registration of Land Professionals	SB766/HB828 passed and became law in 2013
State-level Severance Tax	Will be introduced again in 2014
Surface Owners Protection Act	Advisory Commission failed to reach agreement on content
Funding for Studies	FY 2013 Deficiency Allowance of \$1.5 million





# Three Reports

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- **Sources of Revenue and Standards of Liability** (issued December 2011)
- **Best Practices**
  - Draft issued June 2013
  - 4000+ comments received
  - Final to be issued in Spring 2014
- **Final Report**
  - Integrate results of all the studies and research
  - To be issued in August 2014



# Remaining Work Underway

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- Outside contractors
  - Economic Study (RESI)
  - Public Health Study (MIAEH)
  - Air Emissions and Monitoring (Leidos)
- State Agencies
  - Risk Assessment
  - Traffic Impacts
  - Emergency Response



# Questions?

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